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LETTER DATED 2 JULY 1993 FROM THE ACTING CHAIRMAN OF THE SECURITY COUNCIL COMMITTEE ESTABLISHED PURSUANT TO RESOLUTION 724 (1991) CONCERNING YUGOSLAVIA ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

By its resolutions 713 (1991) of 25 September 1991, 724 (1991) of 15 December 1991, 757 (1992) of 30 May 1992, 787 (1992) of 16 November 1992 and 820 (1993) of 17 April 1993, the Security Council, acting under Chapter VII of the Charter of the United Nations, imposed an arms embargo against the constituent republics of the former Socialist Federal Republic of Yugoslavia, as well as a comprehensive set of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro). In its resolution 757 (1992), the Security Council recalled the right of States, under Article 50 of the Charter, to consult the Security Council where they find themselves confronted with special economic problems arising from the carrying out of preventive or enforcement measures.

At their consultations of the whole, held on 13 April 1993, the members of the Security Council requested the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia to meet on an urgent basis to consider, in the context of Article 50 of the Charter of the United Nations, the communications received from States that found themselves confronted with special economic problems arising from the carrying out of the measures contained in the relevant resolutions of the Security Council and to submit to the Council a report, with the Committee's recommendations, as soon as possible. Subsequently, the Council, by its resolution 843 (1993) adopted on 18 June 1993, confirmed that the Committee established pursuant to resolution 724 (1991) was entrusted with the task of examining requests for assistance under the provisions of Article 50 of the Charter of the United Nations; welcomed the establishment by the Committee of its Working Group and invited the Committee, upon completion of the examination of each request, to make recommendations to the President of the Security Council for appropriate action.

As of 1 July 1993, six States, namely, Bulgaria (S/24963), Hungary (S/24147), Romania (S/24142 and Add.1), Slovakia (S/25894), the former Yugoslav Republic of Macedonia (S/AC.27/1993/COMM.3396) and Ukraine (S/25630) had requested consultations with the Security Council, in accordance with Article 50 of the Charter. In the same or subsequent communications, those States provided information regarding the special economic problems with which they have been

confronted arising from the implementation of the measures contained in the relevant Security Council resolutions. In addition, Uganda (S/AC.27/1993/COMM.2530) submitted a request for assistance in connection with its economic difficulties arising from the interruption of a vital road construction project by a Yugoslav firm, as a consequence of the Government's implementation of the sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro).

At its 65th meeting, held on 30 April 1993, the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia set up an open-ended working group to examine requests for assistance under Article 50 and to advise the Committee on appropriate action. At the same meeting the Committee elected as Chairman of the Working Group, H.E. Mr. Shunji Maruyama, Deputy Permanent Representative of Japan to the United Nations, whose delegation also provides one of the Vice-Chairmen of the Committee. Subsequently, at its fourth meeting on 22 June 1993, the Working Group elected as its Vice-Chairman Mr. Sher Afgan Khan, Deputy Permanent Representative of Pakistan to the United Nations. On that basis, the Working Group undertook its deliberations regarding the above-mentioned requests and has held five meetings to date.

At its 73rd meeting, held today, the Committee adopted without objection as recommendations to be made to the President of the Security Council the draft decisions submitted by the Working Group with regard to Bulgaria, Hungary, Romania, Uganda and Ukraine. The recommendations are set out hereunder. The Committee also decided that it would, with the concurrence of an applicant State, transmit, together with the relevant recommendations, the text of the memorandum and any additional explanatory material which the State had provided in the presentation and support of its application.

The recommendations concerning the remainder of the requests, together with the attendant documentation, will be transmitted once approved by the Committee.

(Signed) José Eduardo BARBOSA
Acting Chairman
Security Council Committee established
pursuant to resolution 724 (1991)
concerning Yugoslavia

Annex I

Recommendation by the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia with regard to Bulgaria

"The Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia,

"Having dealt with the communications received from Bulgaria under Article 50 of the Charter of the United Nations,

"Recalling Security Council resolutions 713 (1991) of 25 September 1991, 724 (1991) of 15 December 1991, 757 (1992) of 30 May 1992, 787 (1992) of 16 November 1992, and 820 (1993) of 17 April 1993, in which the Council decided to impose an arms embargo against the territory of the former Socialist Federal Republic of Yugoslavia and a comprehensive set of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro), and Security Council resolution 843 (1993) of 18 June 1993 in which the Council entrusted the Committee established pursuant to its resolution 724 (1991) with the task of examining requests for assistance under the provisions of Article 50 of the Charter of the United Nations, as well as other relevant resolutions,

"Recalling further the provisions of Articles 25, 49 and 50 of the Charter of the United Nations,

"Noting the information submitted by Bulgaria (S/24168, S/24963, and S/25743) regarding the measures taken to give full effect to the sanctions as laid down in Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), and concerning the special economic problems it has been confronted with as a result of the implementation of those measures,

"Having heard the representative of Bulgaria,

"Expressing concern at the special economic problems confronting Bulgaria as a result of the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), which are particularly difficult in terms of commercial and financial losses incurred by Bulgaria,

"Recognizing that the continued full implementation of Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993) by Bulgaria, as well as other States, will support the measures to ensure compliance with these and other relevant resolutions,

"1. Commends the Government of Bulgaria for the measures it has taken to comply with Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993);

"2. Recognizes the urgent need to assist Bulgaria in coping with its special economic problems resulting from the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), especially commercial and financial losses incurred by Bulgaria;

"3. Appeals to all States on an urgent basis to provide immediate technical, financial and material assistance to Bulgaria to mitigate the adverse impact on its economy of the application by Bulgaria of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"4. Invites the competent organs and specialized agencies of the United Nations system, including the international financial institutions, and the regional development banks, to consider how their assistance programmes and facilities might be helpful to Bulgaria, with a view to alleviating its special economic problems arising from the application of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"5. Requests the Secretary-General on a regular basis, to seek information from States and the concerned organs and agencies of the United Nations system on action taken to alleviate the special economic problems of Bulgaria and to report thereon to the Security Council."

Enclosure I

Memorandum dated 10 December 1992 of the Bulgarian Government regarding losses, damages and economic difficulties sustained by the Republic of Bulgaria as a result of the implementation of the sanctions imposed by Security Council resolution 757 (1992) of 30 May 1992[1]

[Original: English]

The report submitted to the Secretary-General of the United Nations regarding measures undertaken by the Bulgarian Government in pursuance of Security Council resolution 757 (1992) concerning the sanctions against Serbia and Montenegro (document S/24168 of 26 June 1992), notes with deep concern that these measures will lead to considerable economic and financial losses and damages to Bulgaria and to legal entities and physical persons having business relations with partners from the above-mentioned countries.

For the past seven months since the enforcement of the sanctions, their negative impact on Bulgaria has entirely confirmed these pessimistic expectations.

As a result of the implementation of the sanctions against Serbia and Montenegro, and owing to its geographical position and traditionally good and intensive trade relations with the countries subject to the sanctions of the United Nations, Bulgaria is one of the worst-affected countries in the region. It has been virtually cut off and isolated from its partners in Central and Western Europe owing to disrupted transportation links.

By the end of the year the direct and indirect losses to the Bulgarian economy incurred since the enforcement of the sanctions will exceed US$ 1.2 billion. The negative impact of the sanctions has affected most of all such important economic sectors as:

- Industry, where as a result of disrupted production links, cancelled shipments of commodities and raw materials, and unsold goods, the estimated losses amount to US$ 690 million;

- Trade, where owing to cancelled contracts, unsold export goods, cancelled barter deals, suspended exports and imports under current contracts, and failure to meet previous obligations, Bulgarian State and private legal entities have suffered losses in the amount of US$ 355 million;

- Transport, where due to cancellation and detour of Bulgarian airlines flights, disruption of the transportation of cargoes and passengers and of the trade activities of the Bulgarian State Railways, difficulties in navigation along the Danube, as well as in automobile transport and shipping to and from the rest of Europe, direct losses amount to US$ 70 million;

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[1] S/24963, annex.

- Energy, where disrupted links between the energy systems of Bulgaria and the Republic of Serbia have resulted in losses to the Bulgarian National Electric Company, amounting to US$ 22 million;

- Tourism, where the flow of tourists has considerably decreased and the direct losses incurred and damages paid by State tourist companies alone due to cancelled contracts and orders exceed US$ 5 million;

- Construction, where the adverse effect of the sanctions amounts to US$ 5 million.

These summarized data do not include damages and losses of profit resulting from cancellation of financial operations and transactions, difficulties in the telecommunication links of Bulgaria which, for their greater part, cross the territory of former Yugoslavia, or the ever-increasing indirect expenses arising from the strict implementation of the sanctions.

At this stage it is not possible to estimate the additional losses which Bulgaria will suffer from the restrictions imposed by Security Council resolution 787 (1992), regarding the transshipment of critical goods across Serbia and Montenegro and along the Danube. The only railway line connecting Bulgaria to the Republic of Macedonia crosses the territory of Serbia, while the importance of the Danube in terms of transport is invaluable. The fact that the longer the sanctions are applied, the greater the incurred losses, should not be overlooked, either.

Along with the specific economic problems ensuing from the sanctions, the Bulgarian people have to pay a very high social price for the decline in production, the closing down of a number of enterprises and jobs, difficulties in the supply of goods, the increase of inflation and unemployment rates.

The negative economic and social consequences of the sanctions have had a further aggravating effect on the Bulgarian economy, which is currently undergoing a grave crisis.

Against the background of the enormous difficulties accompanying the transition from a totalitarian political and economic system to democracy and market economy, the aggravation of the economic crisis poses a threat to the process of democratic change in the country.

It should be noted that the implementation of the Security Council sanctions against Iraq and the Libyan Arab Jamahiriya has caused losses to the Bulgarian economy amounting to US$ 2 billion, for which our country has not received any compensation so far.

Nevertheless, the Republic of Bulgaria supports and strictly observes the embargo on Serbia and Montenegro, which is causing the country further enormous losses and difficulties.

The overall effect of all losses and damages incurred makes it absolutely necessary for Bulgaria to receive financial and technical assistance from the international community and the industrialized countries, which would compensate at least partially the considerable losses and will enable it to carry forward the effective implementation of sanctions.

Therefore, the Republic of Bulgaria would like to exercise its right, under Article 50 of the Charter of the United Nations, to hold consultations with the Security Council with regard to taking urgent measures for overcoming the specific economic difficulties arising from the carrying out of the sanctions against Serbia and Montenegro imposed by resolutions 713 (1991), 757 (1992) and 787 (1992).

It is clear from the so far limited practice of application of mandatory measures undertaken by the Security Council that the provisions of Article 49 of the Charter should also be taken into consideration. According to these provisions and the general interpretation of the principle of international law of cooperation between States in maintaining international peace and security, the States Members of the United Nations should mutually assist each other in the implementation of the Security Council sanctions in a way which will make it possible for the expenses incurred by these measures to be justly allocated in accordance with their respective economic resources.

Enclosure II

Memorandum dated 6 May 1993 of the Government of the Republic of Bulgaria regarding the implementation of United Nations Security Council resolution 820 (1993)[2]

[Original: English]

On 26 April 1993, the provisions of United Nations Security Council resolution 820 (1993) regarding the new trade and economic sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) came into effect. The Government of the Republic of Bulgaria has already declared its readiness to abide in good faith by its obligations under the United Nations Charter and to implement the sanctions imposed by Security Council resolution 820 (1993).

In its Memorandum regarding the losses, damages and economic difficulties sustained by the Republic of Bulgaria as a result of the implementation of the sanctions imposed by resolutions 757 (1992) and 787 (1992), which was submitted to the Sanctions Committee in December 1992, the Government of the Republic of Bulgaria supplied preliminary information about the negative effect of the sanctions on the social and economic development of the country during the first seven months of their enforcement. Availing itself of its right provided for in Article 50 of the United Nations Charter, the Bulgarian Government requested that the Security Council consider the issue of overcoming the specific economic problems of the country.

As a result of the implementation of Security Council resolutions 757 (1992) and 787 (1992), the economy of the Republic of Bulgaria suffered direct losses amounting to US$ 1.8 billion for the period July 1992-April 1993 (cf. appendix I).

The entering into force of the new trade and economic sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) imposed by Security Council resolution 820 (1993) brought about a sharp rise in the direct losses, thus inflicting an extremely heavy blow on the national economy. According to initial estimates, the average monthly direct losses in the industrial sector, foreign trade, international transport and communications will amount to US$ 234.7 million. The total amount of the losses for the period May-December 1993 is expected to reach US$ 1,877.6 million (cf. appendix II).

The above figures do not include indirect damages and losses of profit, nor losses sustained by the private sector. The sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) practically cut off the Republic of Bulgaria from the European markets which are of vital importance to the advance of the ongoing complex process of economic reforms (over 60 per cent of the Bulgarian exports to the European markets is affected through the zone affected by the sanctions regime). The disruption of traditional transportation links and the necessity to use detour routes with heavy traffic raise the cost of Bulgarian exports to Central and Western Europe. The great share of perishable goods in these exports has an additional adverse effect on their realization on the above markets. The rise in the cost of imported goods from Central and Western Europe, on its part, will inevitably speed up the process of inflation and will aggravate the financial situation of the country. The

[2] S/25743, annex.

difficulties in transport and communications will eventually have an extremely negative effect on the attracting of foreign investment to Bulgaria, as well.

Taking into account also the considerable losses incurred by the Bulgarian economy as a result of the sanctions against Iraq and the Libyan Arab Jamahiriya, as well as the size of the existing foreign debt of the country, the cumulative effect of the strict implementation of the respective Security Council resolutions will have grave consequences for the social and economic development of Bulgaria.

Besides, it is necessary to underscore that the sanctions have an especially adverse effect on the Bulgarian minority in eastern Serbia, which lives in the least developed part of this country. This population expects urgent humanitarian aid from the Republic of Bulgaria.

In view of the above, the Government of the Republic of Bulgaria calls upon the United Nations Security Council, its permanent members, the European Community, the European Free Trade Association, the Conference on Security and Cooperation in Europe and the international financial institutions to pay particular attention to the specific and aggravating economic problems with which the Republic of Bulgaria is confronted in the implementation of the sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro).

The Government of the Republic of Bulgaria believes that the Working Group set up in the framework of the Sanctions Committee should have as a priority the elaboration of an effective mechanism for the application of Article 50 of the United Nations Charter. This mechanism could, in particular, include the following groups of measures:

- Determining the criteria for the presence of "special economic problems" with which a given country observing the sanctions is confronted pursuant to Article 50 of the Charter;

- Sending fact-finding missions of the United Nations Security Council to make independent expert assessments of the economic losses incurred by the countries, which have invoked Article 50 of the Charter;

- Proposing concrete forms to compensate for the losses of sustained, in particular through the establishment of a special compensation fund of the United Nations or, on the recommendation of the Security Council, by the competent international financial organizations.

In the case of Bulgaria, these could include more specifically measures to alleviate the financial situation of the country and financing of infrastructure projects for urgently overcoming the serious transport and communications problems (cf. appendix III).

It seems pertinent to point out that a number of provisions in Security Council resolution 820 (1993) will complicate the strict implementation of the resolution by the States Members of the United Nations. In this connection the Government of the Republic of Bulgaria calls upon the Sanctions Committee to provide an interpretation of and additional information regarding the following points:

1. Determining the criteria underlying the exceptions to the prohibition regarding transshipments through the territory of the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to paragraph 22 of resolution 820 (1992).

2. For the implementation of paragraph 12 of resolution 870 (1993) it is necessary to determine the exact borders of the areas controlled by Serb forces, e.g., by listing the municipalities or towns located in these areas.

3. For the purposes of implementation of paragraphs 24 and 25 of the resolution, it is necessary that the Sanctions Committee issue a list of the vessels, freight vehicles, rolling stock and aircraft in which a majority or controlling interest is held by a person or undertaking in or operating from the Federal Republic of Yugoslavia (Serbia and Montenegro).

Since under the provisions of Security Council resolution 820 (1993) all transshipments, both by land and on the Danube, through the territory of the Federal Republic of Yugoslavia (Serbia and Montenegro) are carried out only with special authorization by the United Nations Sanctions Committee, it is our view that under the present circumstances the Security Council and the Sanctions Committee, respectively, should undertake the necessary steps to improve considerably the effectiveness of the work of the Committee in issuing these authorizations.

Appendix I

Summarized information about the approximate average monthly losses which the Republic of Bulgaria has suffered as a result of the implementation of Security Council resolution 787 (1992) during the period July 1992-April 1993 in some basic branches of the economy

	United States dollars
1. International transport	6.8 million
2. International communications	1.0 million
3. Foreign trade	80.0 million
4. Industry	93.0 million
TOTAL PER MONTH	180.0 million
FOR 10 MONTHS	1.8 billion

Appendix II

Summarized information about the approximate average monthly losses which the Republic of Bulgaria will suffer as a result of the implementation of Security Council resolution 820 (1993) during the period May 1992-December 1993 in some basic branches of the economy

	Millions of United States dollars
1. International transport	12.5
2. International communications	1.5
3. Foreign trade	100.0
4. Industry	120.7
TOTAL (for the above branches)	234.7
EXPECTED LOSSES FOR THE PERIOD MAY-DECEMBER 1993	1 877.6

Appendix III

List of key infrastructural investment projects aimed at easing the heavy international road and railway traffic from Western Europe via Bulgaria to Greece, Turkey and the Middle East countries

1. Road and railway bridge on the Danube at Vidin (Bulgaria)/Kalafat (Romania) - estimated cost: US$ 100 million;

2. Two-way high-speed railway link Sofia-Vidin (Lom) - estimated cost: US$ 1,175 million;

3. Reconstruction, doubling and electrification of the railway link Sofia-Kulata (checkpoint Promahon, Greece) - estimated cost: US$ 1,260 million;

4. Highway Vidin-Sofia with tunnel at the Petrokhan Balkan pass and reconstruction of the motorway Sofia-Kulata - total estimated cost: US$ 300 million;

5. Highway on the destination Istanbul-Bourgas (Bulgaria)-Varna (Bulgaria)-East Romania-West Ukraine-Poland (the Baltic Republics) with a Bulgarian section evaluated at US$ 300-500 million;

6. Railway link Gyueshevo (Bulgaria)-Kriva Palanka (Macedonia) as a part of the East-West transport corridor Italy-Slovenia-Albania-Macedonia-Bulgaria - estimated cost: US$ 100 million.

Annex II

Recommendation by the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia with regard to Hungary

"The Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia,

"Having dealt with the communications received from Hungary under Article 50 of the Charter of the United Nations,

"Recalling Security Council resolutions 713 (1991) of 25 September 1991, 724 (1991) of 15 December 1991, 757 (1992) of 30 May 1992, 787 (1992) of 16 November 1992, and 820 (1993) of 17 April 1993, in which the Council decided to impose an arms embargo against the territory of the former Socialist Federal Republic of Yugoslavia and a comprehensive set of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro), and Security Council resolution 843 (1993) of 18 June 1993 in which the Council entrusted the Committee established pursuant to its resolution 724 (1991) with the task of examining requests for assistance under the provisions of Article 50 of the Charter of the United Nations, as well as other relevant resolutions,

"Recalling further the provisions of Articles 25, 49 and 50 of the Charter of the United Nations,

"Noting the information submitted by Hungary (S/25683), regarding the measures taken to give full effect to the sanctions as laid down in Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), and concerning the special economic problems it has been confronted with as a result of the implementation of those measures,

"Having heard the representative of Hungary,

"Expressing concern at the special economic problems confronting Hungary as a result of the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), which are particularly difficult in terms of commercial and financial losses incurred by Hungary,

"Recognizing that the continued full implementation of Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993) by Hungary, as well as other States, will support the measures to ensure compliance with these and other relevant resolutions,

"1. Commends the Government of Hungary for the measures it has taken to comply with Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993);

"2. Recognizes the urgent need to assist Hungary in coping with its special economic problems resulting from the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), especially commercial and financial losses incurred by Hungary;

"3. Appeals to all States on an urgent basis to provide immediate technical, financial and material assistance to Hungary to mitigate the adverse impact on its economy of the application by Hungary of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"4. Invites the competent organs and specialized agencies of the United Nations system, including the international financial institutions, and the regional development banks, to consider how their assistance programmes and facilities might be helpful to Hungary, with a view to alleviating its special economic problems arising from the application of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"5. Requests the Secretary-General on a regular basis, to seek information from States and the concerned organs and agencies of the United Nations system on action taken to alleviate the special economic problems of Hungary and to report thereon to the Security Council."

Enclosure I

Letter dated 22 June 1992 from the Permanent Representative of Hungary to the United Nations addressed to the President of the Security Council[1]

[Original: English]

Upon instructions from my Government, I have the honour to communicate the following:

The Security Council, in resolution 757 (1992), has decided on a wide range of measures against Serbia and Montenegro. Being aware of its obligations under the Charter of the United Nations, the Republic of Hungary is fully committed to implement the above-mentioned resolution of the Security Council.

As a neighbouring country and a directly affected Member State of the United Nations, the Republic of Hungary, however, finds itself confronted with special economic problems arising from the carrying out of the measures set out in Security Council resolution 757 (1992).

Therefore, invoking Article 50 of the Charter of the United Nations, the Government of the Republic of Hungary wishes to consult the Security Council with regard to a solution of these problems.

I would appreciate if you could kindly inform the members of the Council about the aforementioned intention of my Government.

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[1] S/25683.

Enclosure II

Statement by the representative of Hungary to the Working Group (on Article 50) on 29 June 1993

[Original: French]

Hungary is pleased to note how quickly the Working Group of the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia began to consider the applications submitted to it. We feel that it is vital for countries facing special economic problems as a result of the implementation of the sanctions to be able to exercise their right under the Charter and to hold consultations with the Security Council on the matter. We hope that the Working Group will be able to accomplish its mandate as soon as possible, to find a solution to these difficulties and to end its work on a positive note.

The sanctions regime against the Federal Republic of Yugoslavia (Serbia and Montenegro) is in a way an even more serious obligation for Hungary because it participated as a member of the Security Council in the adoption of Council resolutions 757 (1992), 787 (1992) and 820 (1993). Although the Hungarian authorities were aware even before the adoption of these resolutions that the proposed sanctions might have a particularly adverse impact on the transition economies of neighbouring countries, Hungary decided to vote in favour of the sanctions regime taking into account the wider political context of the conflict in the former Yugoslavia.

We have already mentioned Hungary's economic difficulties stemming from this sanctions regime. The restrictions on navigation on the Danube are particularly serious. The firms affected find themselves in such dire straits that it is virtually impossible for them to carry out any commercial activities. Since the adoption of Security Council resolution 757 (1992) Hungary has incurred losses of US$ 800 million.

This figure breaks down as follows:

- Thus far, losses of trade earnings as a result of the sanctions regime amount to $355 million; the figure for 1992 was of the order of $150 million, while that for the current year is $205 million;

- Bad debts of firms total $80 million, of which $15 million are debts of Serbian enterprises arising from commercial transactions prior to the imposition of sanctions, $23 million debts with respect to losses of transport-transit revenues for natural gas transported from the territory of the former Soviet Union through Hungary, and $40 million debts with respect to transport-transit revenue of the Yugoslav railways which were incurred prior to the imposition of the sanctions;

- Losses of transport and transit revenues including revenue for natural gas are of the order of $110 million;

- The losses incurred as a result of additional transport costs and lost transport revenue amount to $180 million;

- There were other losses of the order of $70 million in addition to those I have just mentioned, particularly ecological damage of $20 million caused by the substantial increase in the transportation of goods by road through the southern and south-eastern borders of Hungary and interest charges on bad debts. The Hungarian railways company alone has had to absorb losses of $35 million, in addition to meeting additional port storage costs, wagon demurrage charges incurred owing to the slow procedures for granting authorization for consignments in transit, interest charges caused by delays in delivery and late collection, additional bank charges and expenditures arising from the introduction of a stricter system of customs and border inspection.

I would like to stress that our calculation of the amount of economic losses that Hungary has incurred and continues to incur, has taken into account only quantifiable and concrete statistical data and that, consequently, indirect significant losses affecting real estate values and capital investments, for example, have not been included in our calculations. The foregoing notwithstanding, I wish to reaffirm once again that the severe impact of the sanctions regime on Hungary does not in any way shake its firm commitment to fulfilling its obligations with regard to the implementation of the relevant Security Council resolutions.

We hope that this Working Group will soon be able to finalize and adopt specific recommendations for each one of the countries that have indicated their desire to consult the Security Council as was done in the case of the sanctions against Iraq. We feel that in dealing with the question of providing assistance to resolve the economic difficulties of a number of countries as a result of their implementation of the sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro), it is crucial for the competent international financial institutions to commit themselves to playing a key role. We are sure that, alongside such multilateral efforts, bilateral assistance will also be important.

Annex III

Recommendation by the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia with regard to Romania

"The Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia,

"Having dealt with the communications received from Romania under Article 50 of the Charter of the United Nations,

"Recalling Security Council resolutions 713 (1991) of 25 September 1991, 724 (1991) of 15 December 1991, 757 (1992) of 30 May 1992, 787 (1992) of 16 November 1992, and 820 (1993) of 17 April 1993, in which the Council decided to impose an arms embargo against the territory of the former Socialist Federal Republic of Yugoslavia and a comprehensive set of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro), and Security Council resolution 843 (1993) of 18 June 1993 in which the Council entrusted the Committee established pursuant to its resolution 724 (1991) with the task of examining requests for assistance under the provisions of Article 50 of the Charter of the United Nations, as well as other relevant resolutions,

"Recalling further the provisions of Articles 25, 49 and 50 of the Charter of the United Nations,

"Noting the information submitted by Romania (S/24142 and Add.1 and S/25207) regarding the measures taken to give full effect to the sanctions as laid down in Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), and concerning the special economic problems it has been confronted with as a result of the implementation of those measures,

"Having heard the representative of Romania,

"Expressing concern at the special economic problems confronting Romania as a result of the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), which are particularly difficult in terms of commercial and financial losses incurred by Romania,

"Recognizing that the continued full implementation of Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993) by Romania, as well as other States, will support the measures to ensure compliance with these and other relevant resolutions,

"1. Commends the Government of Romania for the measures it has taken to comply with Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993);

"2. Recognizes the urgent need to assist Romania in coping with its special economic problems resulting from the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), especially commercial and financial losses incurred by Romania;

"3. Appeals to all States on an urgent basis to provide immediate technical, financial and material assistance to Romania to mitigate the adverse impact on its economy of the application by Romania of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"4. Invites the competent organs and specialized agencies of the United Nations system, including the international financial institutions, and the regional development banks, to consider how their assistance programmes and facilities might be helpful to Romania, with a view to alleviating its special economic problems arising from the application of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"5. Requests the Secretary-General on a regular basis, to seek information from States and the concerned organs and agencies of the United Nations system on action taken to alleviate the special economic problems of Romania and to report thereon to the Security Council."

Enclosure I

Memorandum of the Government of Romania on the implementation of Security Council resolution 757 (1992)[1]

[Original: English]

1. On 3 June 1992, the Government of Romania issued a Declaration on the setting up by the United Nations Security Council, on 30 May 1992, of economic and other sanctions against Yugoslavia (Serbia and Montenegro), which reads as follows:

> "Firmly abiding by the principles of strict observance by all States of international legality and of the settlement of conflictual situations, of all international disputes exclusively by peaceful means, Romania undertakes to observe the decisions of the Security Council.
>
> "The Romanian Government has also declared that the implementation of this resolution's provisions has extremely serious consequences for Romania, due to the extensive relations of commercial and economic cooperation historically developed between the two neighbouring States."

Consequently, the Government of Romania has reserved the right to present to the Security Council, on the basis of Article 50 of the Charter of the United Nations, the consequences for the Romanian economy of the implementation of the sanctions and to request appropriate compensations. Without such compensations Romania, which is a loyal Member of the United Nations, would become itself a victim of the implementation of the sanctions of the Security Council.

2. According to the Romanian Government's Declaration of 3 June 1992, the governmental authorities issued orders establishing concrete measures for the implementation of Security Council resolution 757 (1992).

Consequently, starting with 7 June 1992, 0000 hours, the import and export of any basic products and goods coming from, or being directed to, the Federal Republic of Yugoslavia (Serbia and Montenegro) have been prohibited.

Starting with the same date, the import and export licences issued by the Ministry of Trade and Tourism for basic products and goods originating from, or being directed to Yugoslavia, have been suspended.

In the case of the import and export licences previously issued for Yugoslavia, but having as origin and, respectively, destination Bosnia and Herzegovina, Croatia and Slovenia, the concerned Romanian economic agents were invited to the Ministry of Trade and Tourism in order to have them reconfirmed.

It was decided that the Romanian economic agents having foreign trade activities deployed or operated on, or from, the territory of the Federal Republic of Yugoslavia (Serbia and Montenegro) should cease all activity meant to promote and/or favour selling or the supply of basic products or goods from or to the Federal Republic of Yugoslavia (Serbia and Montenegro).

[1] S/24142, annex.

The carrying out of all contracts for receiving and sending tourists concluded by commercial tourism companies and other Romanian economic agents with companies from the Federal Republic of Yugoslavia (Serbia and Montenegro) has been suspended and the conclusion of new contracts for receiving or sending tourists has been prohibited.

Detailed measures have been taken to stop all merchandise transports having as origin or destination the Federal Republic of Yugoslavia.

Take off from, or overflight of, the territory of Romania by any aircraft having as landing destination the territory of Yugoslavia (Serbia and Montenegro), as well as landing in, or overflight of the territory of Romania by aircraft having taken off from the territory of Yugoslavia have also been prohibited.

Exceptions are made for aircraft making flights for humanitarian purposes.

At the same time, the ministries concerned took the necessary measures in order to implement the embargo in the fields of sports, cultural exchanges and technical and scientific cooperation.

3. Upon analysing the situation created by the implementation of the provisions of resolution 757 (1992), the Government of Romania makes known the following:

The implementation of the embargo set up against the Federal Republic of Yugoslavia (Serbia and Montenegro) generates major disturbances in the carrying out of economic activities in Romania. The magnitude of the global effects, both direct and indirect, on the Romanian economy results mainly from the intense economic exchanges, developed in the course of years, from technological links between production units from Romania and the Federal Republic of Yugoslavia (Serbia and Montenegro) and from the complementarity and uniqueness of certain cooperation projects.

The direct effects ensued by not carrying out some of the contracts of import and export currently under way, of transport, joint ventures, services, due payments, tourism, as well as by the non-collection of import customs taxes will amount to around $550 million for the current year.

The Romanian economy is largely dependent on the import from Yugoslavia of certain energetic agents (electric power, energetic coal) which is achieved through cooperation contracts under special conditions of payment.

The interruption of this cooperation endangers the stability of the national energetic system and can lead to serious consequences on the quality of life in Romania.

The indirect effects, resulting from the propagation to the economy of direct effects, are estimated at over $2.5 billion.

4. The Romanian Government informs the Security Council that, by implementing resolution 757 (1992), it is confronted with insurmountable difficulties, especially in the following situations:

(a) Cooperation in the framework of the Iron Gates hydroenergetic and navigational systems on the Danube. These systems are built and run jointly by Romania and Yugoslavia, on the basis of inter-State agreements. The continous turning to account, by means of these systems, of the Danube's hydroenergetic potential is achieved by each party in its own power station, permanently, by mutual coordination imposed by this type of station. The cessation of this cooperation could create a situation likely to endanger the stability of the Iron Gates I and Iron Gates II systems and the safe international navigation on the Danube;

(b) The convention on production cooperation in the fields of chemistry and petro-chemistry, between the commercial company Solventul in Timisoara and the Pancevo chemical plant. This is a type of joint venture where the production is provided with technical and technological links specific to chemical and petrochemical products. Its interruption poses security problems for the installations and creates the danger of industrial accidents. On the other hand, if this convention of cooperation with the Pancevo chemical plant were to be suspended, the commercial company Solventul in Timisoara would have to cease production owing to lack of raw materials. The suspension of this cooperation convention would have multiple implications for the Romanian chemical industry and would aggravate the social problems resulting from unemployment. It would also generate negative consequences in all branches of the industry, as well as in all fields of the Romanian economy;

(c) The production and the very existence of the zootechnical unit Comtim Holding S.A. of Timisoara depend upon the import of fodder and veterinary drugs from Yugoslavia. Survival of over 1 million hogs raised in this unit depends upon the above-mentioned fodder and drugs. Taking into account the impossibility of quickly changing these supply flows, the cessation of such imports would create a disastrous situation and lead to the disappearance of an important source of food for the Romanian population.

Taking into account the seriousness of the above-described problems the Government of Romania is faced with the impossibility to implement, in the above-mentioned cases, resolution 757 (1992) and expresses its conviction that this situation will find the necessary understanding on the part of all members of the Security Council.

5. The interruption of Romania's economic links with one of its most important partners undoubtedly represents yet another hard test for the Romanian economy, which is already in an extremely difficult situation. Thus new obstacles are raised for our efforts in the restructuring and recovery of the economy and additional difficulties are created in the process of ensuring minimal living standards for the population.

In expressing its conviction that the extremely serious economic effects for Romania, resulting from the implementation of the sanctions imposed on Yugoslavia, will be examined with utmost attention, Romania expects the adoption by the Security Council of appropriate recommendations to compensate all our material losses.

6. The Government of Romania reaffirms its determination to observe the provisions of Security Council resolution 757 (1992). At the same time, the Government of Romania expresses its belief that all interested parties will act in good faith for the settlement of the Yugoslav crisis, so that the established sanctions be terminated as soon as possible.

Enclosure II

Addendum to the memorandum of the Government of Romania on the implementation of Security Council resolution 757 (1992)[2]

[Original: English]

Upon instructions from the Government, the Permanent Mission of Romania to the United Nations has the honour to communicate the following additional information as a supplement to the memorandum of the Government of Romania on the implementation of Security Council resolution 757 (1992).

1. As emphasized in the above-mentioned memorandum, Romania undertakes to observe strictly the decisions of the Security Council. In this spirit, from the very adoption of Security Council resolution 757 (1992), the Romanian governmental authorities issued orders establishing specific measures for the implementation of that resolution.

Consequently, effective 7 June, 00.00 hours, the import and export of all commodities and products originating from, or being directed to the Federal Republic of Yugoslavia (Serbia and Montenegro) have been prohibited.

2. In the memorandum it was stated at the same time that the implementation of the embargo set up against the Federal Republic of Yugoslavia (Serbia and Montenegro) generates major disturbances in the carrying out of economic activities in Romania. The direct effects of the measures for the implementation of sanctions will amount for 1992 to around $550 million, and the indirect effects are estimated at over $2.5 billion.

Consequently, on the basis of Article 50 of the United Nations Charter the Government of Romania has requested appropriate compensations and insists on an adequate solution to that effect.

3. By document S/24142 of 23 June 1992, the Romanian Government informed the Security Council that, by implementing resolution 757 (1992), it is confronted with insurmountable difficulties, especially in three specific areas of Romanian-Yugoslav cooperation whose interruption or suspension had particularly serious economic and social consequences for Romania.

Immediately after the submission of the communication, and having no alternative solution, the Romanian authorities took measures to reduce that cooperation.

The Government of Romania is in a position to notify officially that at present all transactions and deliveries connected with the programme of cooperation "Pancevo-Solventul Timisoara" and "Comtim Holding" mentioned in paragraph 4 (b) and (c) of document S/24142 have been suspended.

The suspension of these programmes of cooperation entails supplementary losses for the national economy which will be presented to the Security Council, in accordance with Article 50 of the United Nations Charter.

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[2] S/24142/Add.1, annex.

4. As far as the Iron Gates hydroenergetic and navigational systems on the Danube are concerned, their operation is meant only to ensure the exploitation, the maintenance and the normal functioning of these systems and does not imply any trade transactions coming under the measures instituted by the Security Council by its resolution 757 (1992).

The Permanent Mission of Romania requests the Secretary-General to circulate this note as a document of the Security Council, as an addendum to document S/24142, and to reflect it accordingly in the report of the Secretary-General pursuant to paragraph 12 of Security Council resolution 757 (1992).

Enclosure III

Memorandum of the Government of Romania regarding losses, damages and economic difficulties sustained by Romania as a result of the implementation of Security Council resolutions 757 (1992) and 787 (1992)[3]

[Original: English]

1. The memorandum submitted to the Secretary-General of the United Nations regarding measures undertaken by the Government of Romania in pursuance of Security Council resolution 757 (1992) concerning the sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) (S/24142) in a preliminary manner noted with deep concern that those measures would lead to considerable economic and financial losses and damages to Romania and to legal entities and physical persons doing business with partners from the Federal Republic of Yugoslavia. In addition to that, the implementation of the provisions of Security Council resolutions 757 (1992) and 787 (1992) has generated further major disturbances in the carrying out of other economic activities in Romania.

2. As compared to the preliminary estimations contained in document S/24142 the competent Romanian authorities have undertaken a careful examination of the overall negative impact on Romania's economy as a result of the implementation of the sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro).

3. By the end of 1992, direct and indirect losses and damages to the Romanian economy incurred since the beginning of the sanctions were estimated at approximately US$ 7 billion. The negative impact of the sanctions has seriously affected all branches of the economy and most of the important economic sectors were severely damaged, as follows:

(a) Industry, where, as a result of disrupted production links, cancelled shipments of commodities and raw materials and unsold goods, the estimated losses amount to US$ 3 billion. The greatest damages were recorded in the machine-building industry, petrochemistry, chemistry and metallurgy;

(b) Transport, where, owing to the cancellation and detour of Romanian airlines flights, disruption of the transportation of cargoes and passengers and of the trade activities of the Romanian State railways, and difficulties in navigation along the Danube, the damages amount to US$ 0.1 billion;

(c) Agriculture and the food industry, where the damages and losses amount to US$ 2.7 billion;

(d) Tourism, where, as the flow of tourists has recorded a considerable decrease, the losses incurred amount to approximately US$ 0.6 billion;

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[3] S/25207, annex.

(e) Unreceived custom taxes and losses caused to other sectors of activity amount to US$ 0.6 billion.

4. Alongside the direct and indirect damages and losses, the implementation of the sanctions has had negative economic and social consequences, further aggravating the effect on the Romanian economy, which is currently faced with a serious economic crisis due to the transition period. The social impact is illustrated by increasing unemployment, lack of consumer goods and migration of the labour force.

5. The overall effect of all losses and damages incurred makes it absolutely necessary for Romania to receive financial and technical assistance from the international community, in particular from the industrialized countries, which would compensate for the considerable losses and damages.

6. Therefore, Romania would like to exercise its right, under Article 50 of the Charter of the United Nations, to hold consultations with the Security Council with a view to taking urgent measures for overcoming the specific economic difficulties arising from carrying out the sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) imposed by Security Council resolutions 713 (1991), 757 (1992) and 787 (1992).

7. The Government of Romania reaffirms its determination to observe the provisions of Security Council resolutions 713 (1991), 757 (1992) and 787 (1992). At the same time, the Government of Romania reiterates its hope that all interested parties will do their best for the final and peaceful settlement of the Yugoslav crisis, so that the sanctions established by the Security Council be terminated as soon as possible.

Annex IV

Recommendation by the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia with regard to Uganda

"The Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia,

"Having dealt with the communications received from Uganda under Article 50 of the Charter of the United Nations,

"Recalling Security Council resolutions 713 (1991) of 25 September 1991, 724 (1991) of 15 December 1991, 757 (1992) of 30 May 1992, 787 (1992) of 16 November 1992, and 820 (1993) of 17 April 1993, in which the Council decided to impose an arms embargo against the territory of the former Socialist Federal Republic of Yugoslavia and a comprehensive set of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro), and Security Council resolution 843 (1993) of 18 June 1993 in which the Council entrusted the Committee established pursuant to its resolution 724 (1991) with the task of examining requests for assistance under the provisions of Article 50 of the Charter of the United Nations, as well as other relevant resolutions,

"Recalling further the provisions of Articles 25, 49 and 50 of the Charter of the United Nations,

"Noting the information submitted by Uganda (S/AC.27/1993/COMM.2530), regarding the measures taken to give full effect to the sanctions as laid down in Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), and concerning the special economic problems it has been confronted with as a result of the implementation of those measures,

"Having heard the representative of Uganda,

"Expressing concern at the special economic problems confronting Uganda as a result of the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), which are particularly difficult in terms of the interruption of a vital road construction project by a Yugoslav firm,

"Recognizing that the continued full implementation of Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993) by Uganda, as well as other States, will support the measures to ensure compliance with these and other relevant resolutions,

"1. Commends the Government of Uganda for the measures it has taken to comply with Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993);

"2. Recognizes the urgent need to assist Uganda in coping with its special economic problems resulting from the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), especially in terms of the interruption of a vital road construction project with a Yugoslav firm;

"3. Appeals to all States on an urgent basis to provide appropriate assistance to Uganda to mitigate the adverse impact on its economy of the application by Uganda of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"4. Invites the competent organs and specialized agencies of the United Nations system, including the international financial institutions, and the regional development banks, to consider how their assistance programmes and facilities might be helpful to Uganda, with a view to alleviating its special economic problems arising from the application of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"5. Requests the Secretary-General on a regular basis, to seek information from States and the concerned organs and agencies of the United Nations system on action taken to alleviate the special economic problems of Uganda and to report thereon to the Security Council."

Enclosure I

Letter dated 26 March 1993 from the Permanent Representative of Uganda to the United Nations addressed to the Chairman of the Security Council Committee established pursuant to resolution 724 (1991)[1]

[Original: English]

Well before the imposition of Security Council Resolution 757 (1992) on Federal Republic of Yugoslavia, Energo Project, a Yugoslav construction company was awarded Uganda government contract to construct Mityana-Fort Portal Road in Western Uganda. At the time UN Sanctions were imposed following Security Council Resolution 757 (1992) on Yugoslavia, the construction work undertaken by Energo Project had been completed halfway at Mubende, where it is now stalled due to non payment following the imposition of the sanctions.

2. This situation is adversely affecting Uganda's Road Network development as the construction has come to a standstill. Equally bad is the worsening condition of the machinery which were imported for that purpose. The machinery has become idle and its maintenance costs are escalating with time.

3. The Government of the Republic of Uganda, therefore, is seeking the authorisation of the Security Council Sanctions Committee for the amount owing to Energo project to be paid for the portion of the work completed and because of the absolute necessity of the road in the economic rehabilitation of Uganda to also authorise payment for continuation of the construction of the road to enable it to be completed.

4. Energo Project has expressed the wish to have the amount owed and any subsequent payments in respect of the project to be paid to their Accounts either in Switzerland or London which they could specify.

5. I should be most grateful if the Sanctions Committee on Yugoslavia could give this request from the government of the Republic of Uganda its most favourable consideration especially taking into account the provisions of Article 50 of the United Nations Charter.

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[1] Issued as a document of the Committee (S/AC.27/1993/COMM.2530).

Annex V

Recommendation by the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia with regard to Ukraine

"The Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia,

"Having dealt with the communications received from Ukraine under Article 50 of the Charter of the United Nations,

"Recalling Security Council resolutions 713 (1991) of 25 September 1991, 724 (1991) of 15 December 1991, 757 (1992) of 30 May 1992, 787 (1992) of 16 November 1992, and 820 (1993) of 17 April 1993, in which the Council decided to impose an arms embargo against the territory of the former Socialist Federal Republic of Yugoslavia and a comprehensive set of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro), and Security Council resolution 843 (1993) of 18 June 1993 in which the Council entrusted the Committee established pursuant to its resolution 724 (1991) with the task of examining requests for assistance under the provisions of Article 50 of the Charter of the United Nations, as well as other relevant resolutions,

"Recalling further the provisions of Articles 25, 49 and 50 of the Charter of the United Nations,

"Noting the information submitted by Ukraine (S/25630, S/25636 and S/25682), regarding the measures taken to give full effect to the sanctions as laid down in Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), and concerning the special economic problems it has been confronted with as a result of the implementation of those measures,

"Having heard the representative of Ukraine,

"Expressing concern at the special economic problems confronting Ukraine as a result of the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), which are particularly difficult in terms of commercial and financial losses incurred by Ukraine,

"Recognizing that the continued full implementation of Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993) by Ukraine, as well as other States, will support the measures to ensure compliance with these and other relevant resolutions,

"1. Commends the Government of Ukraine for the measures it has taken to comply with Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993);

"2. Recognizes the urgent need to assist Ukraine in coping with its special economic problems resulting from the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), especially commercial and financial losses incurred by Ukraine;

"3. Appeals to all States on an urgent basis to provide immediate technical, financial and material assistance to Ukraine to mitigate the adverse impact on its economy of the application by Ukraine of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"4. Invites the competent organs and specialized agencies of the United Nations system, including the international financial institutions, and the regional development banks, to consider how their assistance programmes and facilities might be helpful to Ukraine, with a view to alleviating its special economic problems arising from the application of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"5. Requests the Secretary-General on a regular basis, to seek information from States and the concerned organs and agencies of the United Nations system on action taken to alleviate the special economic problems of Ukraine and to report thereon to the Security Council."

Enclosure I

Letter dated 17 April 1993 from the Minister for Foreign Affairs of Ukraine addressed to the President of the Security Council[1]

[Original: English]

I avail myself of this opportunity to sincerely congratulate you on the occasion of your being elected to the high post of President of the Security Council and express confidence that your broad international experience and high authority will provide new positive impetus to further enhancement of the constructive role played by the Security Council in the primary activity of the United Nations in safeguarding sound foundations of reliable peace and stability, development of friendly relations between all the States, promotion of universal process of mutual understanding among peoples of the world.

Being an original State Member of the United Nations, Ukraine has always offered substantial support to the United Nations mediatory and peace-keeping efforts aimed at settling dangerous conflicts in various regions of the planet.

This is confirmed by our country's active participation in the difficult process of peaceful settlement of the crisis in the former Yugoslavia, which has grave destabilizing consequences for all the countries of Europe. As it was noted in the letter of the President of Ukraine, Mr. Leonid Kravchuk, to the United Nations Secretary-General of 22 March 1993, "Ukraine considers the United Nations sanctions to be an integral part of the international efforts towards peaceful settlement of the crisis in the former Yugoslavia and confirms its resolve to strictly observe them".

During my recent visit to New York, I had substantial conversations at United Nations Headquarters with H.E. Mr. Boutros Boutros-Ghali, the United Nations Secretary-General, Ambassador T. O'Brien, your predecessor in the post of President of the Security Council, and Ambassador R. Sardenberg, the Chairman of the Security Council Committee on Sanctions against Yugoslavia, on that matter. As it might be known, particular issues concerning the possibility of reimbursement of Ukraine's heavy losses arising from its strict imposition of the United Nations sanctions regime against the Federal Republic of Yugoslavia, were discussed, inter alia, at these meetings.

Allow me, Mr. President, kindly to draw your attention to the fact that considering the present grave situation of the Ukrainian economy caused by well-known negative processes of the transitional period, the issue of reimbursement to Ukraine of the losses arising from enforcement of the United Nations sanctions against the former Federal Republic of Yugoslavia closely borders by now on the problem of protection of our economic sovereignty. It could also be added that in case of a possible further broadening of the United Nations sanctions regime against Yugoslavia, which has been recently insisted upon by some countries, the international trade lane by the Danube, vitally crucial for further build-up of Ukraine's state independence, will be practically blocked.

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[1] S/25630, annex.

All this makes us file an urgent request with Your Excellency to raise as soon as possible for the consideration of the Security Council the issue concerning practical ways of implementation of Article 50 of the Charter in

order to use most promptly the international mechanism of compensation of losses to the States monitoring the implementation of sanctions, including Ukraine. At the same time, we deem it expedient that a simpler procedure of obtaining authorization letters for transshipment by the Danube be considered and that compulsory coordination with the Danube States of any issue concerning expansion of the list of articles, which need permission from the United Nations Security Council Committee on Sanctions for transit, be introduced.

The factor of considerable economic losses suffered by Ukraine because of its observance of the sanctions should, to our mind, be taken into account by other States Members of the United Nations in their relations with Ukraine, as well as by the United Nations in assessing Ukraine's contribution to the United Nations regular budget as well as for financing the United Nations peace-keeping forces.

We suppose that the system of sanctions itself should be more logical and streamlined, while economic losses arising from its enforcement should be equally distributed among the most developed Member States.

I hope, Mr. President, that Ukraine will receive your understanding and support in these important issues.

Enclosure II

Letter dated 19 April 1993 from the Permanent Representative of Ukraine to the United Nations addressed to the Secretary-General[2]

[Original: English]

I have the honour to transmit herewith, the text of the Appeal by the employees of the Ukrainian Danube Shipping Company addressed to you in connection with the special economic problems arising from the carrying out by Ukraine of the Security Council sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro).

Appeal

[Original: Russian]

The sailors and other employees of the Ukrainian Danube Shipping Company have great respect for the United Nations and the Secretary-General.

The highly complex problems facing our company - the largest Ukrainian shipping company on the Danube - and the huge economic losses that it is incurring as a result of the tightening of the embargo against Yugoslavia (Serbia and Montenegro) have prompted us to make this Appeal.

Since the sanctions went into effect, the Ukrainian Danube Shipping Company has not once violated the embargo. Security Council resolutions 757 (1992) and 787 (1992) are being strictly implemented, a fact that can be attested by representatives of United Nations missions in Ukraine and other countries of the Danube.

While we support the decisions of the international community, we believe that the application of sanctions against one country should not result in heavy economic losses and moral suffering for other countries.

As a result of the increasingly stringent measures and the imperfect regulating and monitoring mechanism, our company's fleet has virtually halted its commercial shipping on the Danube. Ukrainian export and import shipping on the Danube in bilateral trade with Hungary, Slovakia, Austria and Germany are paralysed. Also paralysed is our company's traditional transport of cargo in transit from the aforementioned countries to ports of the Mediterranean and Red Seas, India and South-East Asia.

Our cruise line operating on the Danube "from the Alps to the Black Sea", which for 30 years has been popular among Europeans and Americans, has been halted.

Because of shipping delays, losses have been incurred not only by our foreign partners but by suppliers - Ukrainian metallurgical combines and coal mines.

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[2] S/25636, annex.

The economic losses - both actual and those which will be incurred by the end of 1993 - from the halting of shipping on the Danube are estimated at US$ 350 million. The current idleness of our fleet is leading to the bankruptcy of the company, whose fixed assets total over US$ 2 billion, unemployment and the loss of livelihood for the 250,000 employees of the company and the more than 100,000 members of their families.

In the light of the foregoing, we demand compensation for our losses.

In its efforts to find optimal arrangements for implementing United Nations resolutions, our company has, on more than one occasion, initiated multilateral meetings with all interested parties. In the port of Izmail, the conditions necessary for the work of the United Nations mission were created.

Unfortunately, all our hopes that it would be possible to ensure normal work on the Danube, under the supervision of the mission, have not been met.

The Ukrainian Danube Shipping Company urgently appeals to you to provide assistance, within the shortest possible time, in elaborating a rational and efficient mechanism for monitoring cargo in transit along the Danube through Yugoslav waters, and effectively coordinate the actions undertaken by all representatives of United Nations missions.

We sincerely hope that all countries Members of the United Nations will understand the extremely complicated situation in which the Ukrainian Danube Shipping Company finds itself as a result of the application and tightening of the sanctions against Yugoslavia (Serbia and Montenegro).

This Appeal was adopted at a collective meeting of the sailors and other employees of the Ukrainian Shipping Company on 13 April 1993.

Enclosure III

Letter dated 28 April from the Permanent Representative of Ukraine to the United Nations addressed to the President of the Security Council[3]

[Original: English]

On 23 March 1993, the Minister for Foreign Affairs of Ukraine delivered a letter from the President of Ukraine to the Secretary-General of the United Nations concerning special economic problems arising from implementing mandatory sanctions established by Security Council resolutions 757 (1992) and 787 (1992) which was brought to the attention of the members of the Security Council.

On 19 April 1993, I had the honour to transmit to you, in accordance with Article 50 of the Charter of the United Nations, the text of the letter of the Minister for Foreign Affairs of Ukraine on this issue, circulated as a document of the Council (S/25630, annex). Furthermore, the Secretary-General of the United Nations, on my request, circulated as document S/25636 the text of the Appeal by the employees of the Danube Shipping Company in connection with the grave economic problems arising from carrying out by Ukraine of the Security Council sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro).

It would be greatly appreciated if the attention of the members of the Security Council is once again drawn to the above-mentioned documents and the Government of Ukraine is informed of any measures the Security Council might be willing to take to mitigate the negative consequences of the sanctions against the FRY for the neighbouring States, including Ukraine, especially after the adoption of Security Council resolution 820 (1993).

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[3] S/25682.

UNITED NATIONS **S**

Security Council

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S/26041
6 July 1993

ORIGINAL: ENGLISH

NOTE VERBALE DATED 1 JULY 1993 FROM THE PERMANENT MISSION OF BULGARIA TO THE UNITED NATIONS ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

The Permanent Mission of the Republic of Bulgaria to the United Nations presents its compliments to the President of the United Nations Security Council and has the honour to transmit the following text of a note verbale dated 30 June 1993, from the Council of Ministers of the Republic of Bulgaria addressed to the President of the United Nations Security Council:

"The Government of the Republic of Bulgaria presents its compliments to the President of the United Nations Security Council and has the honour to declare the following:

The Republic of Bulgaria strictly implements the UNSC Resolutions with regard to the Federal Republic of Yugoslavia (Serbia and Montenegro). It has declared its readiness to continue to abide in good faith by the obligations under those resolutions.

At the same time the Government of the Republic of Bulgaria would like once again to draw the attention of the Security Council to the fact that the strict implementation of the trade and economic sanctions introduced by the above-mentioned resolutions is incurring great losses to the national economy of Bulgaria. All this was pointed out in its Memorandum of 7 May 1993 and its Memorandum of 17 May 1993.

The restrictive transshipment regime through the territory of the Federal Republic of Yugoslavia (Serbia and Montenegro) established by the respective resolutions has considerably disrupted the traditional trade and economic links of Bulgaria with the countries of Central and Western Europe. Their markets are of vital importance for the development of the process of economic reforms since over 60 per cent of the Bulgarian exports to Europe is effected through the area under sanctions. One should also bear in mind that as a traditionally big international road transporter Bulgaria sustains significant losses due to the abrupt shrinkage in the total transit road transport through the area.

We are especially concerned by the almost complete termination of transshipment operations through the territory of FRY, given that there is only one bridge on the Danube along the Bulgarian sector through which all road traffic to Central and Western Europe has to be channelled and that this bridge, even under normal circumstances, is overloaded and in bad

technical condition. The provisions of Resolution 820 (1993) seriously affect the normal usage of the Danube which is the only river navigation route connecting our country with the rest of Europe.

The use of roundabout routes with very heavy traffic even under normal conditions raises the cost of Bulgarian exports and has an extremely negative impact on their realization. All this leads to the speeding up of the process of inflation, aggravates the financial situation in the country and the future possibilities for servicing the foreign debt, brings about serious social consequences within the country. We are faced with a number of dangerous strikes of the private road transporters which are threatening to block the road transport and even the passenger transport in some towns of the country.

In view of the above circumstances, the Government of the Republic of Bulgaria has called urgently upon the Security Council to consider, as a matter of priority, the possibilities for adopting the necessary steps to ease the transshipment regime through the territory of FRY (Serbia and Montenegro) including the Danube, while at the same time the strict implementation of the prohibitions and restrictions with regard to the import and export of goods and products to and from its territory is guaranteed by respective control measures. Most regretfully, it has to be stated that Bulgaria has not received as yet a satisfactory answer from the UN and the other respective international institutions with regard to its well-grounded and rightful demands.

More precisely, the Government of Bulgaria has in mind the following specific proposals:

1. Establishment of a road transshipment corridor through the FRY/Kalotina, Nis, Belgrade, Novy Sad, Subotitsa and Szeged/.

The transshipments through the corridor should be regarded as a measure of an exceptional nature pursuant to paragraph 22 (c) of Resolution 820 (1993), the permission for them to be given by the UN Sanctions Committee under the expedited no-objection procedure. The transshipments along the Serbian section of the road could be carried out under effective measures for monitoring and control agreed upon with the Sanctions Committee and the respective Sanctions Assistance Missions. In addition to the monitoring and control procedures applied at the moment pursuant to the Revised Consolidated Guidelines of the Committee (S/AC.27/1993/CRP.3/Rev.2 of 26 April 1993) a number of options for reinforced control and verification could be considered, among which the following:

- the formed convoys to be escorted along the whole Serbian section of the route by an appropriate number of international observers;

- use of appropriate electronic devices for verification that the vehicles or the cargo are not diverted or unloaded on Serbian territory.

2. Measures for facilitating transshipment on the Danube.

We suggest that a simplified and accelerated notification procedure for transshipment on the Danube be introduced. For this purpose such traffic could be organized through the formation of convoys of vessels subject to effective monitoring and control while passing along the Serbian sector between Vidin/Calafat and Mohacs, including international observers on board, electronic devices, etc. The application of such measures would eliminate the possibility for diverting shipments to FRY in violation of the sanctions.

The Bulgarian Government is willing to participate in the discussions of the practical modalities of the implementation of the above-mentioned proposals and to cooperate fully with the Security Council and the Sanctions Committee.

The Bulgarian Government insists once again that the above-mentioned proposals and any other possible solutions for alleviation of the deteriorating economic situation in the country which will lead to dangerous social protests be urgently considered. One has to bear in mind that at the cost of significant losses and privations Bulgaria is observing and will continue to observe in the future the embargo despite its non-observance along other borders of FRY. The threat to the social peace in the country is increasing due to the expected mass dismissal of employees and the bankruptcy of many companies, due to the already started mass protests and strikes of transport companies and the existence of strong public pressure on the Government to solve the problems resulting from the implementation of the sanctions.

Stating its readiness to continue the strict observance of the UN sanctions, the Government of the Republic of Bulgaria is expecting a definite positive answer to all the questions raised."